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CHIEF EXECUTIVE OFFICER: Thomas B. Considine



PRESIDENT: Rep. Steve Riggs, KY
VICE PRESIDENT: Sen. Jason Rapert, AR
SECRETARY: Rep. Bill Botzow, VT
TREASURER: Rep. Matt Lehman, IN

IMMEDIATE PAST PRESIDENT:
Sen. Travis Holdman, IN

For Immediate Release
March 29, 2017

Contact: Paul Penna
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NCOIL CALLS FOR FORMAL REOPENING OF NEGOTIATIONS ON COVERED AGREEMENT OR CONGRESSIONAL HALT TO EFFECTIVENESS

Manasquan, NJ: Commissioner Tom Considine, NCOIL CEO reached out to House Financial Service Chairman Sean Duffy and Ranking Member Dennis Ross to urge that Congress notify the Department of the Treasury (DOT) that it needs to formally reopen negotiations with the European Union (EU) regarding the Covered Agreement or Congress will prevent the agreement from becoming effective. Considine, in a recent letter copying Treasury Secretary Steven Mnuchin, also expressed NCOIL's commitment to working with Congress in the days to come when reviewing the January 13, 2017 covered agreement negotiated by representatives of the DOT and the Office of the U.S. Trade Representative (USTR) with the EU regarding certain aspects of the business of insurance by companies operating in both jurisdictions.

"NCOIL stands ready, willing and able to work with Congress before the [April 13th](#) expiration of the 90-day congressional review period" stated Considine. "We are urging that Congress make it crystal clear to the Treasury Department that Treasury needs to formally reopen negotiations around the covered agreement or Congress will take steps to prevent the agreement from becoming effective."

NCOIL opposes the covered agreement and views it as an intrusion by both the federal executive branch and international regulatory authorities into the U.S. state-based system of insurance regulation that has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world. Of specific concern to NCOIL and its State legislator members are the agreement's provisions that, if they go into effect, will eliminate all reinsurance collateral requirements for European reinsurers. NCOIL takes the position that large, strong U.S. insurance companies can insist on reinsurance collateral in its agreements, but small and mid-sized regional or single-state companies simply do not have the market presence to negotiate for reinsurance collateral in its agreements.

“As state legislators, we have confidence in the U.S. state-based system of insurance regulation” said KY Rep. Steve Riggs, NCOIL President. “Both the result and the secret manner in which this agreement happened adversely affects consumers and industry in our states.”

NCOIL is a national legislative organization created by and comprised of state legislators, principally serving on state insurance and financial institutions committees around the nation. NCOIL writes Model Laws in insurance and financial services, works to both preserve the state jurisdiction over insurance as established by the McCarran-Ferguson Act seventy years ago and to serve as an educational forum for public policy makers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making state policy when it comes to insurance and educate state legislators on current and perennial insurance issues.

A copy of the full letter is below.

-30-

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March 17, 2017

The Honorable Sean P. Duffy
Chair
House Financial Services
Subcommittee on Housing and Insurance
2330 Rayburn HOB
Washington, D.C., 20515

The Honorable Dennis A. Ross
Vice Chair
House Financial Services
Subcommittee on Housing and Insurance
436 Cannon HOB
Washington, D.C., 20515

Dear Chairman Duffy and Vice Chairman Ross,

On behalf of the National Conference of Insurance Legislators (NCOIL), I write to you expressing NCOIL's commitment to working with you in the days to come when reviewing the January 13, 2017 covered agreement negotiated by representatives of the Department of Treasury and the Office of the U.S. Trade Representative (USTR) with the European Union (EU) regarding certain aspects of the business of insurance by companies operating in both jurisdictions. Additionally, we at NCOIL ask that you and your colleagues in Congress take action with regard to the agreement. Specifically, we ask that you urge the Treasury Department to formally reopen negotiations around the covered agreement or make clear that Congress will take steps to prevent the agreement from becoming effective.

NCOIL is a national legislative organization created by and comprised of state legislators, principally serving on state insurance and financial institutions committees around the nation. NCOIL writes Model Laws in insurance, works to both preserve the state jurisdiction over insurance as established by the McCarran-Ferguson Act seventy years ago and to serve as an educational forum for public policy makers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making state policy when it comes to insurance and educate state legislators on current and perennial insurance issues.

We read with great interest the letter you sent to U.S. Treasury Secretary Steven Mnuchin in which you requested additional clarification about certain aspects of the covered agreement. As an organization comprised of State legislative experts on the issues with which the covered agreement deals, we stand ready, willing, and able to work with you before the April 13, 2017 expiration of the 90-day Congressional review period. Indeed, I know that NCOIL would have offered great value and provided a unique State legislative insurance perspective during your February 16, 2017 hearing on the covered agreement.

To be clear, NCOIL opposes the covered agreement and views it as an intrusion by the federal executive branch, and by extension international authorities, into the U.S. state-based system of insurance regulation that has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world. Of specific concern to NCOIL and its State legislator members are the agreement's provisions that, if they go into effect, will eliminate all reinsurance collateral requirements for European reinsurers. NCOIL takes the position that large, strong U.S. insurance companies can insist on reinsurance collateral in its agreements, but small and mid-sized regional or single-state companies simply do not have the market presence to negotiate for reinsurance collateral in its agreements.

Further, from the very beginning, NCOIL has criticized the non-transparent manner in which the negotiations of the covered agreement were conducted. The negotiations were held behind closed doors and did not allow for any participation from State legislators – those most informed as to the covered agreement's effect on the state-based system of the legislative framework supporting insurance regulation. Additionally, the representatives of the National Association of Insurance Commissioners (NAIC) were forbidden from sharing the matters discussed with their fellow state insurance regulators, thus denying the process of significant expertise for input.

NCOIL is a proven bi-partisan group of accomplished, solutions-oriented legislators from around the country, and can provide effective and important feedback on the covered agreement in an efficient manner. Accordingly, I urge you to have frequent and robust discussions with NCOIL regarding this matter, but to take steps in the next few days to cause negotiations to be formally reopened or to otherwise prevent the covered agreement from becoming effective before arrival of the April 13, 2017 expiration of the 90-day Congressional review period.

With appreciation for your consideration, I am,

Very truly yours,

Thomas B. Considine
Chief Executive Officer
National Conference of Insurance Legislators

cc:
The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C. 20220